

Democratic Talking Points
The Children's Health and Medicare Protection Act of 2007 (CHAMP Act)

The CHAMP Act:

- Provides health care to 11 million kids – five million who currently lack health insurance and six million who are currently covered by CHIP – by reauthorizing and improving CHIP;
- Reverses the Republican drive to privatize Medicare by equalizing payments between traditional Medicare and overpaid private plans;
- Strengthens Medicare to: ensure beneficiaries' access to their doctors; expand preventive benefits, mental health services and physical, occupational and speech therapies; reduce costs for seniors and people with disabilities with low incomes; protect consumers; and extend policies that protect access to health care in rural communities;
- Raises the price per pack of cigarettes by \$.45 to save tens of thousands of lives and billions in future health care costs by preventing more than a million kids from taking up smoking and reducing adult smoking.

THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- Congress created CHIP in 1997 with broad bipartisan support. This year, six million children have health care because of CHIP.
- Funding for CHIP expires September 30. If Congress does not act, these six million children will no longer have access to quality, affordable health insurance.
- These children are in working families with parents who either can't afford insurance or hold jobs that lack health care benefits.
- Although the President highlighted his support for CHIP while running for re-election in 2004, the Bush Administration and Congressional Republicans are proposing to under-fund the program significantly, causing millions of children to lose coverage.
- The majority of uninsured children are currently eligible for coverage through CHIP or Medicaid – but better outreach and adequate funding is needed to identify and enroll them.
- CHAMP would provide health care coverage to five million uninsured children who are eligible for but not currently enrolled in CHIP.
- Insuring America's children is an affordable goal. It costs less than \$3.50 a day – about the cost of a Starbucks Frappuccino – to cover a child through CHIP.
- If Congress fails to approve the CHAMP Act and reauthorize CHIP:
 - Millions of children will lose health coverage;

- Millions of children won't get the preventive care they need and will likely receive care in the more costly environment of emergency rooms;
- Our health care safety net will become even more strained from the pressures of the uninsured; and
- More families will face bankruptcy and foreclosure due to medical debt.

MEDICARE

- **PROTECTS MEDICARE FROM PRIVATIZATION:** The CHAMP Act protects Medicare from privatization and promotes fiscal responsibility by reducing overpayments to private plans.

Existing overpayments to private plans cost taxpayers tens of billions of dollars. According to non-partisan analysts, private plans are paid, on average, 12% more than traditional Medicare – and overpayments to certain plans exceed 50%.

These overpayments are the result of a decade-long campaign by President Bush and Republicans in Congress to privatize Medicare by undermining traditional Medicare and promoting private insurance. Republicans believe that the greater the number of beneficiaries enrolled in private plans, the easier it will be to privatize Medicare.

Full-fledged privatization would eliminate Medicare's guaranteed benefit and force beneficiaries to fend for themselves. The result will be higher costs, fewer benefits, and less health care for seniors and people with disabilities. But what else would you expect from the party that called for Medicare to “wither on the vine?”

- **LIMITS PREMIUM INCREASES:** By reducing overpayments to private plans, the CHAMP Act increases Medicare's solvency, protects beneficiaries from higher premiums, and strengthens Medicare's finances for the future.

The Bush Administration's own Medicare Actuary admits that overpayments to Medicare Advantage plans reduce Medicare's solvency by two years and raise Medicare premiums for seniors and people with disabilities by nearly three-quarters of a billion dollars – or \$2 per beneficiary, per month. Though fewer than two in 10 beneficiaries are enrolled in private plans, all pay higher premiums because of overpayments to private plans.

- **ENSURES PATIENT ACCESS TO PHYSICIANS:** The CHAMP Act guarantees seniors and people with disabilities can continue to see their doctors by preventing scheduled physician payment cuts from taking place and providing doctors with positive updates for the next two years.
- **IMPROVES BENEFITS FOR ALL BENEFICIARIES:** The CHAMP Act increases Medicare beneficiaries' access to preventive services, saving lives and money. It eliminates co-payments and deductibles for current and future preventive benefits and empowers Medicare to add additional preventive services based on the U.S. Preventive Health Services Task Force's recommendations and without Congressional approval.

The CHAMP ACT also reduces Medicare's discriminatory 50% co-payment on outpatient mental health services to the program's standard 20% co-payment and assures access to physical, occupational and speech therapies.

- **HELPS THOSE MOST IN NEED:** The CHAMP Act makes health care more affordable and attainable for low-income seniors and people with disabilities by expanding programs that assist beneficiaries with co-payments and deductibles and prescription drug costs. It increases asset limits and expands education and outreach efforts to facilitate greater participation in these important programs.
- **REDUCES HEALTH DISPARITIES:** The CHAMP Act works to eliminate disparities in health care under the Medicare program. It provides Medicare with tools to analyze and identify racial, ethnic, and socioeconomic disparities in health care.
- **DEFENDS RURAL HEALTH CARE:** The CHAMP Act extends expiring provisions that, if left unchanged, would negatively affect rural beneficiaries' access to physicians, hospitals, home health, ambulances, and lab services.
- **PROTECTS CONSUMERS:** The CHAMP Act adds important consumer protections to Medicare. It provides states with the authority to regulate private plans' marketing abuses and increases penalties for violations, enables all beneficiaries to switch Part D plans if plans alter their formularies and empowers low-income beneficiaries to change plans at any time. It also requires greater quality reporting to assure patients are getting the best care available.

TOBACCO

- The higher the cost of cigarettes, the less likely kids will be to take up smoking. According to the Campaign for Tobacco-Free Kids, a 45-cent increase means that 1,381,000 fewer children will take up smoking. Adults, too, would be less likely to smoke, which means fewer smoking-related illnesses and lower health costs.
- A higher tobacco tax would save billions in health costs. Total annual public and private health care expenditures caused by smoking are \$96.7 billion. A tax increase of 45-cents would lead to long-term health savings of \$32.4 billion; 669,000 fewer smoking-related deaths; and 171,800 fewer smoking-harmed births in the next five years.
- A federal tobacco tax increase is long overdue. The federal tax rate has not kept up with inflation or increases in wholesale or retail prices of cigarettes. In 1960, the federal tax was 1/3 of the average cigarette retail price. Today at 39-cents, tax accounts for less than 1/10 of the retail price. Congress last raised the federal tobacco tax in 1997 to fund CHIP.

With the CHAMP Act, Democrats are taking American health care in a new direction:

- **First**, CHAMP protects existing CHIP coverage for six million kids.
- **Second**, it ensures that States have the tools and incentives necessary to reach most of the six million more uninsured children who are eligible for, but not enrolled in, the program.

- This is NOT an “expansion” of CHIP. We are NOT proposing to cover adults, parents, or wealthy children. This is solely for children who are currently eligible for coverage.
- **Third**, it reverses the Republican drive to privatize Medicare and protects Medicare for the future.
- **Fourth**, by preventing a scheduled 10% cut to physician payments, it protects Medicare beneficiaries’ access to their physicians.
- **Fifth**, it improves Medicare’s benefits:
 - New preventive benefits and improved access to providers;
 - Expands programs that assist low-income seniors with out-of-pocket costs;
 - Protects rural communities’ access to health care.
- **Sixth**, it significantly reduces smoking by children and adults.
- It’s time for the Administration and Congressional Republicans to stop playing political games and start working with Democrats to protect the health of millions of Americans.

Prepared by Energy & Commerce and Ways & Means Committees